

Office of Student Financial Assistance

Year 2000 Contingency Plans

I. Student Aid Application and Eligibility			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
I.A The MDE (Multiple Data Entry processor) cannot provide data from paper FAFSA's (Free Application for Federal Student Aid) to the CPS (Central Processing System).	1.A ED will expand the ADE (Alternate Data Entry) processing capacity for 30 days.	NA	January 3, 2000
	I.A ED will encourage students (and schools to encourage their students) to submit FAFSAs for the 1999-2000 award year prior to January 1, 2000.	NA	
	I.A ED will encourage students (and schools to encourage their students) to apply for aid using electronic application methods (FAFSA Express, FAFSA on the Web, and EDEExpress). ED will ensure these methods, taken as a whole, have the capacity to process any increase in applications. (The capacity of the FAFSA on the Web will be expanded.)	NA	

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I. Student Aid Application and Eligibility			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
I.B The CPS cannot conduct data matches with ED or other agencies to determine whether an applicant is eligible for title IV aid.	I.B For the 1999-2000 award year, if there are data-matching failures, ED will process FAFSAs and send ISIRs to schools and SARs to students without conducting the matches. When the system is repaired, ED will conduct the data matches and send revised ISIRs and SARs. After the matches are conducted, funds must be returned for any student who is ineligible for funds received.	NA	January 3, 2000
I.C The CPS cannot calculate a correct EFC.	For the 2000-2001 award year, the CPS will not transmit ISIRs to schools or send SARs to students until the system is repaired and the data matches can be conducted properly.	NA	January 17, 2000
	I.C For the 1999-2000 award year, the CPS will process FAFSA's with the system clock set to reflect the same day and month as the failure, but in the year 1996.	NA	January 3, 2000
	For the 2000-2001 award year, the CPS will not transmit ISIRs to schools or send SARs to students until the system is repaired.		January 17, 2000
	I.C For the 1999-2000 award year, ED will encourage students (and schools to encourage their students) to submit FAFSAs prior to January 1, 2000.	NA	January 3, 2000

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II. Student Aid Origination and Disbursement			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
II.A RFMS cannot adjust a school's Pell Grant authorization level because it cannot receive or process a school's origination and/or disbursement records, or the school cannot create or transmit those records.	II.A ED will increase all schools' authorization levels (based on their historical funding needs) in December 1999 so that funds will be available for schools to draw down in January 2000 in accordance with current regulations.	ED will not enforce the 30-day student-level reporting requirements as provided under §690.83 until March 1, 2000.	January 3, 2000
	For schools that participate in Just-in-time, are on reimbursement, or that need an increase in their authorization level, the authorizations will be manually increased.		
II.B The Campus-based system cannot calculate allocations for the 2000-2001 award year.	II.B ED will calculate the campus-based program allocations in December 1999. In the event of a failure, these allocation levels will be used as final awards.	NA	January 3, 2000

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II. Student Aid Origination and Disbursement			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
II.C The DLOC cannot initiate a request for funds for a Standard or Option 1 Direct Loan school because it cannot receive or process the school's origination records, or the school cannot create and transmit those records.	II.C ED will request funds manually for Standard or Option 1 schools based on requests from schools and will use their historical funding needs as a reasonableness standard.	ED will not enforce the normal reporting requirements for schools before increasing authorization levels during the month of January. Schools will have an additional 30 days to transmit records as provided under §668.83 (a).	January 3, 2000
	II.C ED will encourage Standard and Option 1 schools to submit loan origination and disbursement records and promissory notes to the LOC for 1999-2000 to the LOC by mid-December 1999.	NA	
	II.C ED will encourage Standard and Option 1 schools to create a back-up copy of expected disbursements.	NA	
	II.C ED will encourage Option 1 schools, that print their own promissory notes, to have an adequate supply on hand and to do so prior to January 1, 2000	NA	
	II.C ED will encourage schools to remind borrowers to sign and return 1999-20000 promissory notes prior to the end of December 1999.	NA	

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II. Student Aid Origination and Disbursement			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
II.C The DLOC cannot request or receive credit reports for DL PLUS borrowers.	II.C ED will process a DL PLUS loan or a Direct PLUS Consolidation loan application without obtaining a credit report and allow a school to disburse funds under that loan. For all loans processed during the period of the failure, ED will consider the inability to get credit checks to be extenuating circumstances as provided under §685.200(b)(1)(vii)(A)(3); §682.201(b)(1)(vii); and §685.215(b)(1)(v)(A).	NA	January 3, 2000
	II.C ED will encourage schools to submit loan origination records and Direct PLUS application/promissory notes to the LOC by mid-December 1999.	NA	
	II.C ED will encourage schools to encourage potential PLUS borrowers to apply early for Direct PLUS Loans.	NA	
	II.C ED will encourage Direct PLUS Consolidation applicants to file before January 1, 2000.	NA	
II.D The DLOC cannot perform normal processing of loan consolidation applications.	II.D ED will process loan consolidation applications manually.	NA	January 3, 2000
	II.D ED will encourage borrowers to use an electronic application or to submit paper applications by December 15, 1999.	NA	

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II. Student Aid Origination and Disbursement			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
II.D The DLOC does not receive completed certificates from loan holders that provide pay-off balances and other data needed to process a consolidation loan.	II.D ED will obtain loan balance data from NSLDS and DLSS and rely on that data to consolidate a borrower's loans. The amount of the consolidated loan will be adjusted after the system is repaired to reflect the correct amount of the loans consolidated.	NA	January 3, 2000
	II.D ED will encourage loan holders to expedite all certification requests initiated in December 1999.	NA	

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II. Student Aid Origination and Disbursement			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
<p>II.E.1 A system failure at a school prevents it from executing various origination or disbursement activities, such as:</p> <ul style="list-style-type: none"> (a) receiving ISIR data; (b) determining whether a student is eligible or the type and amount of aid to disburse; (c) creating or transmitting origination or disbursement records to ED; (d) disbursing funds to students; or (e) certifying FFEL loan applications or creating Direct Loan promissory notes. 	<p>II.E.1 ED will encourage schools to consider entering into a contingency contract with a third-party servicer, or making arrangements with another school, to ensure that financial aid processing and disbursements to students continue.</p>	<p>ED will not consider a school that receives ISIR data on behalf of one or more schools that experience Y2K failures to be a third-party servicer as provided under §668.2. Consequently, that school will not have to submit a compliance audit as provided under §668.23(c).</p>	January 3, 2000
	<p>II.E.1 ED will encourage schools to use EDEExpress or other Y2K compliant software to provide a variety of financial aid awarding and reporting functions.</p>	NA	
	<p>II.E.1 ED will encourage schools to encourage their students and parents to apply for aid early and to determine their program awards before January 1, 2000, for the 1999-2000 award year.</p>	NA	
	<p>II.E.1 ED will encourage schools to perform data exchange testing with ED and lenders.</p>	NA	
	<p>II.E.1 ED will encourage schools to encourage third-party servicers to test with ED.</p>	NA	
	<p>II.E.1 ED will encourage schools to back up all title IV-relevant data.</p>	NA	
	<p>II.E.1 ED will encourage schools to provide short-term loan funds to students or to defer tuition bill payment.</p>	NA	
	<p>II.E.1 ED will encourage schools to prepare aid packages before January 2000 for students that are scheduled to begin or continue classes in January and February 2000.</p>	NA	

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II. Student Aid Origination and Disbursement			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
II.E.2 A system failure at a school's third party servicer prevents the servicers from executing various origination or disbursement activities such as those listed in II.E.1.	II.E.2 ED will encourage schools to encourage students and parents to apply for aid early and determine their program awards before January 1, 2000, for the 1999-2000 award year.	NA	January 3, 2000
	II E.2 ED will alert schools to verify the compliance of their servicers as required by DC GEN-98-1.	NA	
	II.E.2 ED will encourage school servicers to perform data exchange testing with ED.	NA	
	II.E.2 ED will publish on its web page a list of school servicers who test their data exchanges successfully with ED.	NA	
	II.E.2 ED will encourage school servicers to back up all title IV-relevant data.	NA	
	II.E.2 ED will encourage school servicers to provide schools summary reports that contain all data necessary to originate and disburse funds.	NA	
	II.E.2 ED will encourage school third party servicers to perform all business processes possible before December 31, 1999.	NA	
	II.E.2 ED will request statements of high volume (ten or more school clients) school servicers Y2K compliance and a copy of their contingency plans. ED will urge low volume (less than ten school clients) school servicers to make their systems Y2K compliant and develop contingency plans.	NA	

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II. Student Aid Origination and Disbursement			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
II.E.3 A registration system failure at a school prevents it from determining the title IV eligibility of its students.	II.E.3 ED will encourage schools to take steps to obtain before January I, 2000, registration and pre-registration information for students beginning or continuing classes after January 1, 2000.	NA	January 3, 2000
	II.E.3 For students enrolled or pre-registered in classes in fall 1999, ED will allow schools to package aid and credit students' accounts using fall 1999 enrollment or pre-registration information, but not disburse funds directly to students or parents. After the system is repaired, funds must be returned for any student who is ineligible for funds received.	ED will not enforce the requirement that a school pay credit balances no later than 14 days after the start of classes as provided under §668.164(e). However, if a school makes a short-term loan to a student in lieu of paying a credit balance, it may not charge the student interest on that loan. A school must pay title IV credit balances no later than the 30 th day after crediting students' accounts.	
	II.E.3 ED will encourage schools to develop other processes, including manual processes, for determining the enrollment status and eligibility of student who begin classes after January 1, 2000.	ED will not enforce for 30 days after crediting students' accounts the requirements that a school determine a student's eligibility for aid contemporaneous with making a disbursement as provided under §682.604 for FFEL; §685.303 for FDSL; §690.75 for Pell Grant; §675.9 for FWS; §674.9 for FSEOG; and §676.9 for Federal Perkins Loan. After the system is repaired, funds must be returned for any student who is ineligible for funds received.	
		NA	

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II. Student Aid Origination and Disbursement			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
II.E.4 An accounting system failure at a school prevents it from debiting student accounts for institutional charges or from crediting students' accounts with title IV aid or other payments.	II.E.4 ED will allow a school to request title IV funds that it needs for its immediate disbursement needs provided that it has documentation that identifies the type and amount of aid that students are eligible to receive. The school may subsequently transfer the funds to its operating account even though its accounting system would not show that title IV disbursements have been made.	ED will not enforce the requirement that a school pay credit balances no later than 14 days after the start of classes as provided under §668.164(e). However, if a school makes a short-term loan to a student in lieu of paying a credit balance, it may not charge the student interest on that loan. A school must pay title IV credit balances no later than the 30 th day after crediting students' accounts.	January 3, 2000
	II.E.4 If a school's accounting system fails after it receives title IV funds, ED will allow the school 10 business days to update its general ledger and subsidiary accounts to show that it credited the accounts of title IV recipients.	ED will not enforce the 3-day disbursement rule as provided under §668.162(b)(3) and §668.167(b)(1) (FFEL). ED will allow the school 10 business days to update its general ledger and subsidiary accounts.	
		ED will consider excess cash to be any amount of funds not disbursed by the end of the 10 th business day instead of the 3 rd business day as provided in §668.166(a).	
	II.E.4 ED will encourage schools to make arrangements to switch temporarily to another accounting package or system that is Y2K compliant.	NA	

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III. Student Enrollment Tracking and Reporting Process			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
III.A NSLDS cannot produce or send electronically new SSCR's to schools or enrollment servicers after January 2000.	III.A ED will obtain the most current borrower enrollment information available by sending schools and servicers SSCRs in November and December 1999. NSLDS will send the updated SSCR data provided by schools to guarantors, Direct Loan servicers, and servicers prior to January 1, 2000.	NA	February 1, 2000
	III.A ED will take the following actions in the event that NSLDS cannot produce or send electronically to schools and enrollment servicers new SSCR's after January 2000:		
	1. NSLDS will re-send the SSCR data obtained under in November and December 1999;	NA	
	2. ED will allow a lender or loan servicer to place a borrower in a grace or repayment status based on the December 1999 SSCR data or more recent enrollment data obtained directly by the lender or servicer; and	NA	
	3. ED will allow a lender or loan servicer to correct an erroneous enrollment status determination by relying solely on the borrower's verbal or written assertion of his or her current status. This flexibility is intended to protect a borrower by providing a lender an easy way to reverse an inaccurate determination, e.g., based on the December 1999 enrollment data, a lender places a borrower in repayment but corrects that action based on a phone call by the borrower stating that he or she is still in school.	NA	

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III. Student Enrollment Tracking and Reporting Process			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
III.B A school or enrollment servicer cannot update an SSCR or return electronically an updated SSCR to NSLDS.	III.B If a school or servicer cannot complete or transmit an updated SSCR within 30 days after receiving it because of a Y2K failure, ED will allow the school or servicer 60 days to complete that report. The school or servicer must contact NSLDS Customer Service at 1-800-999-8219 if it needs more than 60 days to complete the SSCR, and ED may grant the school or servicer additional time. If a school or servicer does not complete the report within 90 days, it must notify the lender directly of those borrowers who ceased to be enrolled at least half-time, failed to enroll on at least a half-time basis, ceased to be enrolled full-time, or changed their permanent address.	ED will temporarily not enforce the 30-day SSCR reporting requirements as reported under §682.610(c) and §685.309(b). Instead, ED will: <ol style="list-style-type: none"> 1. Allow a school or servicer 60 days to complete and return an SSCR, or longer as authorized; and 2. Extend from 30 to 90 days the time by which a school or servicer must notify a lender directly of a change in a borrower's enrollment status or address, as provided under §682.610(c)(2) and §685.309(b)(2). 	January 3, 2000
III.C A school or third party servicer cannot report cumulative loan amount or default status of Federal Perkins Loans.	III.C ED will encourage schools and third party servicers to back-up all title IV- relevant data. III.C If a school or servicer cannot report cumulative or updated loan amounts or the default status of Federal Perkins Loans within 30 days after a Y2K failure. . The school will have an additional 30 days to submit the updated loan amounts and default status.	ED will temporarily not enforce the reporting requirements described in the September 19, 1997, notice published in the Federal Register. Under that notice, schools are required to submit electronically Federal Perkins Loan data to NSLDS. In addition, ED will temporarily not enforce the requirement that schools, and servicers submit Federal Perkins Loan data monthly as set out in DCL 95-L-177. The school will have an additional 30 days to meet these reporting requirements.	January 3, 2000

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IV. FFEL Lender and Guaranty Agency Payment Process			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
IV.A ED's FFEL system cannot process payment requests from lenders (Form 799).	IV.A ED will process form 799 manually.	NA	January 3, 2000
	IV.A ED will encourage lenders to submit their latest 799s by December 10, 1999.	NA	
IV.B/C ED's FFEL system cannot process payment requests from guaranty agencies (Forms 1189, 1130).	IV.B/C ED will process forms 1189 and 1130 manually.	NA	January 3, 2000
	IV.B/C ED will encourage guaranty agencies to submit their September 1130s by December 1, 1999 and September 1189s by December 10, 1999.	NA	
IV.D Guaranty agencies cannot submit payment requests.	IV.D ED will pay guaranty agencies based on historical data.	NA	January 3, 2000
IV.E Guaranty agencies cannot pay loan default claims to lenders timely to qualify for reinsurance as described under §682.406(a)(8).	IV.E ED will encourage guaranty agencies to manually review default claims and pay lenders based on that manual review process.	ED will temporarily not enforce for and additional 60 days the reinsurance deadlines for filing claims as provided under §682.406(b).	January 3, 2000

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V. Repayment and Collection Process			
Threat/Failure Scenario	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
V.A The DLSS or DCS cannot produce or send bills to borrowers.	V.A ED will bill borrowers based on December 1999 loan information. No actions will be taken that may adversely affect borrowers. DCS may assign some loans to collection agencies.	NA	January 4, 2000
V.B DLSS and DCS cannot process payments.	V.B ED will accumulate payment data from the lockbox and enter that data after systems are restored. No actions will be taken that may adversely affect borrowers.	NA	January 4, 2000
V.C DLSS and DCS cannot maintain accounts.	V.C ED will either manually log (using PC-based systems) new data by borrower account number and enter data after systems are restored or, depending on the nature of the update, will have borrowers call back to update non-critical information.	NA	January 3, 2000
V.D DLSS cannot book new loans or DCS cannot accept loan accounts.	V.D DLSS will accumulate data needed to book loans from school disbursement records and the loan consolidation contractor and enter that data after systems are restored. No actions will be taken that may adversely affect borrowers. DCS will not accept new loan accounts until systems are restored (loans that would otherwise be referred to DCS will continue to be serviced by the loan holders).	NA	January 4, 2000 For DLSS January 3, 2000 For DCS
V.E DLSS cannot process electronic debits to borrowers.	V.E ED will re-transmit the December 1999 payment files to Treasury via tape. Borrowers' accounts will be debited electronically using the December 1999 payment amounts. No actions will be taken that may adversely affect borrowers.	NA	January 4, 2000

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V. Repayment and Collection Process			
Threat/Failure Scenario	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
V.F A school cannot perform required due diligence activities for Federal Perkins Loans.	V.F ED will allow a school an additional 30 days to perform certain due diligence activities.	For 30 days following a school failure, ED will not enforce the following requirements: <ol style="list-style-type: none"> 1. That schools have a written request from a borrower before granting the borrower a forbearance, as provided under §674.33(d)(2); 2. The timeframes for contacting borrowers during initial and post deferment grace periods, as provided under §674.42(b)(2)(i)(ii) and (iii); and 3. That borrowers must be sent the first overdue notice within 15 days after the payment due date, as provided under §674.43 (b)(1). 	January 3, 2000
	V.F ED will encourage schools to back up all title IV relevant data.	NA	

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VI. Institutional Eligibility and Monitoring Process			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
VI. A ED cannot process re-certification, change of ownership or new school applications.	VI.A ED will process re-certification and other applications manually.	NA	January 3, 2000

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VII. Customer Service and Communication Process			
Threat/Failure	Risk Mitigation / Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
VII.A One or more of several methods that ED normally uses to communicate with or provide information to students, schools, and other participants is not available because of a system or infrastructure failure.	VII.A ED will use other available communication methods including broadcast fax services to provide information in the most timely manner possible.	NA	January 3, 2000
	VII.A ED will encourage schools and other partners to use the broadcast fax service described in ANN 98-6.	NA	
VII.B ED's participant management functions cannot be performed correctly either because of a TIVWAN or school system failure.	VII.B. ED will allow access to TIVWAN services to school and other participants based on the list of eligible users compiled in December 1999. ED will implement current manual procedures to allow access to new schools or to remove ineligible participants.	NA	January 3, 2000
	VII. B ED will encourage TIVWAN users to test their systems with ED during the summer of 1999 and complete as much processing as possible before January 1, 2000.	NA	

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VIII. FFEL Origination, Disbursement, Repayment, and Collection Process			
Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
VIII.A A lender's servicing system fails to support one or more critical servicing functions.	VIII.A ED may choose not to impose a liability on a lender for a failure on the lender's part to carry out a required loan servicing activity.	NA	January 3, 2000
	VIII.A ED will encourage lenders to retain and archive borrowers' servicing and payment histories (as of December 31, 1999) to enable servicing of loans using the most recent information available.	NA	
VIII.B A guaranty agency is unable to approve loan applications or its servicing systems fail to support one or more critical collection and recovery functions.	VIII.B ED is evaluating the Y2K status of guaranty agencies. ED may initiate one of these options in the spring or summer or fall of 1999: *Transfer loan guarantee portfolios or some responsibilities to another guaranty agency; *Require assignment of defaulted accounts to ED; *Increase third-party collection agency placements; *Require alternate servicing system software; and/or *Require guaranty agencies to retain and archive borrowers' accounts Dec 31, 1999, servicing and payment histories to allow continued servicing with the most recent information. See VIII.f.2.	NA	January 3, 2000
	VIII.B ED may take one or more of the actions noted as options above after January 1, 2000, if there is a guaranty agency failure.	NA	
	VIII.B ED encourages guaranty agencies to participate in the Blanket Certificate of Loan Guaranty Pilot Program as authorized under section 428(n) of the HEA and described more	NA	

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VIII. FFEL Origination, Disbursement, Repayment, and Collection Process

Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
	<p>fully in a Dear Partner letter dated August 2, 1999.</p> <p>VIII.B ED will encourage guaranty agencies to direct loan applications to other agencies that are Y2K compliant.</p> <p>VIII.B ED will encourage schools to provide short-term loan funds to students or delay payment of tuition bills.</p>	<p>NA</p> <p>NA</p>	
VIII.C A school and/or lender is unable to certify FFEL loan applications or disburse FFEL funds.	<p>VIII.C ED will encourage a school to determine whether its or its third party servicer system is Y2K compliant. If its systems are not compliant, ED will encourage the school to use an alternative software product or third party servicer that is compliant.</p> <p>VIII.C. ED will encourage schools to process loans; verify eligibility with NSLDS or obtain FATs; and transmit certifications before December 31, 1999.</p> <p>VIII.C ED will encourage schools to return all excess loan funds and process refunds before December 31, 1999.</p> <p>VIII.C ED will encourage schools to prepare to accept individual or master checks.</p> <p>VIII.C ED will encourage schools to consider processing and certifying loan applications manually.</p>	<p>NA</p> <p>NA</p> <p>NA</p> <p>NA</p> <p>NA</p> <p>NA</p>	January 3, 2000

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VIII. FFEL Origination, Disbursement, Repayment, and Collection Process

Threat/Failure	Risk Mitigation/ Contingency Plan	Statutes and Regulations (non-enforcement required to support the Plan)	Impact Date
	<p>VIII.C ED will encourage schools to provide short-term institutional loan funds or to defer tuition bill payment.</p> <p>VIII.C ED will encourage schools to add Y2K compliant lenders to their “preferred lender lists” if the schools have such lists.</p> <p>VIII.C ED will encourage schools to encourage their borrowers to utilize other lenders that are Y2K compliant.</p> <p>VIII.C ED will encourage schools to certify, where applicable, annual maximum loan amounts during fall 1999 term, according to current regulations.</p> <p>VIII.C ED will encourage lenders to disburse loan funds via individual or master checks at the school’s request.</p>	<p>NA</p> <p>NA</p> <p>NA</p> <p>NA</p>	